

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3343-01  
Bill No.: HB 1247  
Subject: Disabilities; Health Care; Insurance - Medical  
Type: Original  
Date: February 14, 2002

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**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON STATE FUNDS</b>                          |                  |                  |                  |
|---|------------------|------------------|------------------|
| FUND AFFECTED   | FY 2003          | FY 2004          | FY 2005          |
| General*  | (Unknown)        | (Unknown)        | (Unknown)        |
| Insurance Dedicated   | \$9,850          | \$0              | \$0              |
| Highway   | (\$125,000)      | (\$150,000)      | (\$150,000)      |
| Conservation  | (Unknown)        | (Unknown)        | (Unknown)        |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>State Funds</b> | <b>(Unknown)</b> | <b>(Unknown)</b> | <b>(Unknown)</b> |

**\*Expected to exceed \$100,000 annually.**

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                          |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2003    | FY 2004    | FY 2005    |
| Federal*  | \$0        | \$0        | \$0        |
|   |            |            |            |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>Federal Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

**\*Revenues and expenditures are expected to exceed \$100,000 and would net to \$0.**

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED                              | FY 2003    | FY 2004    | FY 2005    |
| <b>Local Government</b>                    | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Department of Social Services - Division of Medical Services (DMS)** state that the DMS contracts with managed care health plans to provide medical assistance to individuals eligible under Section 208.151. The managed care health plans are subject to the proposed legislation, therefore, there is a fiscal impact to the DMS.

DMS states if the service proposed in this legislation is not a Medicaid state plan service, only the recipients enrolled in managed care would receive the service. There would be no federal financial participation. In order to receive federal participation, the service would need to be included in the Medicaid state plan, therefore services would be provided to all Medicaid recipients. DMS assumes that DMS will apply and receive a state plan amendment and thus receive FFP. The DMS makes the following assumptions: (1) The managed care capitated rates would increase due to the added service. The estimated cost is unknown. (2) There could be additional costs for fee-for-service recipients. The estimated cost is unknown. (3) DMS's actuary would re-negotiate the current contracts with the managed care health plans. The estimated costs is \$75,000. (4) A Medicaid bulletin would need to be prepared and distributed to all providers involved. The estimated cost is \$13,100. (5) At least two mailings would need to be prepared and sent to notify enrollees. The estimated cost is \$20,000. (6) State Fair hearings would also increase which would add additional costs for administration. The estimated cost is unknown. (7) System work would need to be completed for claims to be processed and paid. DMS states the fiscal impact to DMS is unknown greater than \$100,000.

Officials from the **Department of Insurance (INS)** assume insurers and HMOs would be required to amend their policies to comply with this legislation. Amendments must be filed with INS. INS estimates that 171 insurers and 26 HMOs would be required to file at least one amendment to their policy form with a filing fee of \$50, resulting in revenue of \$9,850 in FY 2003. INS has reached capacity in policy form reviews and the additional workload created by this legislation would cause delays in policy form reviews. Additional staff are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form amendments, the department would need to request additional staff to handle the increase in workload.

Officials from the **Department of Public Safety - Missouri State Highway Patrol** defer their fiscal note response to the Department of Transportation.

Officials from the **Department of Transportation (DHT)** assume costs would impact the Highway and Patrol Medical Plan only if the department would decide to increase the state share contribution by the amount needed to fund this proposal. DHT states their plan would be required to provide coverage for hair loss which is caused by chemotherapy and radiation

ASSUMPTION (continued)

treatments for cancer and other like disorders. DHT assumes it is not for male pattern baldness (just the loss of hair). DHT assumes the cost of the treatment would vary depending on the type of device used with the average price for a wig being approximately \$200. DHT assumes this proposal would impact five percent of its members and that everyone would have met their deductible. DHT estimates that 750 participants (15,000 eligible participants x 5%) would participate as a result of this proposal with a cost of \$150,000. DHT also assumes that children would not be included but could be impacted and raise the estimate, that participants would use a non-PPO which requires participants to pay twenty percent of the total, and most cases would require the wig for a short period of time, therefore only one wig would be needed. DHT assumes that 77% of costs are applicable to DHT and 23% of costs are applicable to MHP.

Officials from the **Missouri Consolidated Health Care Plan (HCP)** state this benefit would add some costs to the plans that could be deferred from the costs to HCP in its rates. HCP assumes that this amount would be minimal.

**Department of Conservation (MDC)** officials state the proposal could have a fiscal impact to the department because of increased health insurance costs, but the amount is unknown.

|   |                     |         |         |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2003<br>(10 Mo.) | FY 2004 | FY 2005 |
|---|---------------------|---------|---------|

**GENERAL REVENUE**

Costs - Department of Social Services-  
 Division of Medical Services

|                              |                  |                  |                  |
|------------------------------|------------------|------------------|------------------|
| Medical assistance payments* | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |
|------------------------------|------------------|------------------|------------------|

|   |                         |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
| <b>ESTIMATED NET EFFECT ON<br/>GENERAL REVENUE FUND</b> | <b><u>(UNKNOWN)</u></b> | <b><u>(UNKNOWN)</u></b> | <b><u>(UNKNOWN)</u></b> |
|---|-------------------------|-------------------------|-------------------------|

**\*Expected to exceed \$100,000 annually.**

**INSURANCE DEDICATED FUND**

Income - Department of Insurance  
 Filing fees

|                |            |            |
|----------------|------------|------------|
| <u>\$9,850</u> | <u>\$0</u> | <u>\$0</u> |
|----------------|------------|------------|

|   |                       |                   |                   |
|---|-----------------------|-------------------|-------------------|
| <b>ESTIMATED NET EFFECT ON<br/>INSURANCE DEDICATED FUND</b> | <b><u>\$9,850</u></b> | <b><u>\$0</u></b> | <b><u>\$0</u></b> |
|---|-----------------------|-------------------|-------------------|

| <u>FISCAL IMPACT - State Government</u>   | FY 2003<br>(10 Mo.)       | FY 2004                   | FY 2005                   |
|---|---------------------------|---------------------------|---------------------------|
| <b>HIGHWAY FUND</b>   |                           |                           |                           |
| <u>Costs</u> - Department of Transportation                                     |                           |                           |                           |
| Increased insurance contribution  | <u>(\$96,250)</u>         | <u>(\$115,500)</u>        | <u>(\$115,500)</u>        |
| <u>Costs</u> - Department of Public Safety -<br>Missouri State Highway Patrol   |                           |                           |                           |
| Increased insurance contribution  | <u>(\$28,750)</u>         | <u>(\$34,500)</u>         | <u>(\$34,500)</u>         |
| <b>ESTIMATED NET EFFECT ON<br/>HIGHWAY FUND</b>                                 | <b><u>(\$125,000)</u></b> | <b><u>(\$150,000)</u></b> | <b><u>(\$150,000)</u></b> |
| <b>CONSERVATION FUND</b>  |                           |                           |                           |
| <u>Costs</u> - Missouri Department of<br>Conservation                           |                           |                           |                           |
| Increased insurance contribution  | <u>(Unknown)</u>          | <u>(Unknown)</u>          | <u>(Unknown)</u>          |
| <b>ESTIMATED NET EFFECT ON<br/>CONSERVATION FUND</b>                            | <b><u>(UNKNOWN)</u></b>   | <b><u>(UNKNOWN)</u></b>   | <b><u>(UNKNOWN)</u></b>   |
| <b>FEDERAL</b>  |                           |                           |                           |
| <u>Income</u> - Department of Social Services -<br>Division of Medical Services |                           |                           |                           |
| Medicaid reimbursements*  | Unknown                   | Unknown                   | Unknown                   |
| <u>Costs</u> - Department of Social Services -<br>Division of Medical Services  |                           |                           |                           |
| Medical assistance payments*  | <u>(Unknown)</u>          | <u>(Unknown)</u>          | <u>(Unknown)</u>          |
| <b>ESTIMATED NET EFFECT ON<br/>FEDERAL FUNDS</b>                                | <b><u>\$0</u></b>         | <b><u>\$0</u></b>         | <b><u>\$0</u></b>         |

**\*Expected to exceed \$100,000 annually.**

FISCAL IMPACT - Local Government

FY 2003  
(10 Mo.)

FY 2004

FY 2005

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses could be expected to be fiscally impacted to the extent that they could incur increased health insurance premiums as a result of the requirements of this proposal.

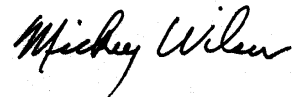
DESCRIPTION

This proposal requires insurance companies to provide coverage for wigs, toupees, or other scalp hair prostheses worn because of alopecia areata or alopecia totalis.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Transportation  
Department of Social Services  
Missouri Consolidated Health Care Plan  
Department of Insurance  
Missouri Department of Conservation  
Department of Public Safety -  
Missouri State Highway Patrol



Mickey Wilson, CPA  
Acting Director  
February 14, 2002

